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Attorneys for Debtor Arlie & Company

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF OREGON**

In re  
Arlie & Company,  
Debtor.

Case No. 10-60244-aer11

**NOTICE OF DEBTOR'S INTENT TO  
ENTER INTO LEASES (AS LESSOR)  
FOR SPACE AT GARDEN VALLEY  
MALL IN ROSEBURG, OREGON**

Arlie & Company, as Debtor-in-Possession (the "Debtor"), proposes to enter into two leases for space in a building located at its Garden Valley Mall property having an address of 1176 NW Garden Valley Boulevard in Roseburg, Oregon (the "Property") as follows:

1. The Property is the site of a former Hollywood Video location and is currently vacant. The Debtor intends to re-lease the space to a pair of tenants – The American National

**Page 1 - NOTICE OF DEBTOR'S INTENT TO ENTER INTO LEASES (AS LESSOR)  
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Red Cross, a nonprofit corporation (“RC”) and Aspen Dental Management, Inc. (“Aspen”) (collectively, the “New Tenants”).

2. The New Tenants are unrelated to the Debtor.

3. The lease to RC relates to approximately 4060 rentable square feet on the west side of the Property. The lease to Aspen relates to approximately 3400 rentable square feet on the cash side of the Bankruptcy. Both leases are for 10-year terms with two five-year options.

4. The initial rent under the RC lease shall be \$21.50 per square foot, while the initial rent under the Aspen lease shall be \$27.65 per square foot. The difference in the lease rates is attributable to the funding of tenant improvements, with RC paying for certain improvements to the Property, and the Debtor funding the majority of improvements associated with the lease to Aspen.

5. Complete property descriptions for the premises can be obtained from the Debtor.

6. These lease transactions are not subject to overbid. They are ordinary course transactions for the Debtor. However, Bankruptcy Court approval is a condition to their becoming effective. Hence, this Notice of Intent.

7. The leases do not relate to substantially all of the Debtor’s assets.

8. The Debtor believes the terms of the leases are ordinary market terms, favorable to the estate and in the best interests of creditors – particularly Umpqua Bank, which has a first priority lien upon the Property. The Debtor is not aware of any independent appraisals of Property, which is a portion of a larger parcel.

9. The Debtor submits that it has equity in the Property and will have more equity upon entering into the subject leases.

10. Because these are ordinary course transactions, there is no reason to wait for the confirmation of a plan before approving these leases.

11. Costs of these leasing transactions includes the payment of broker’s commissions. The Debtor’s broker (G-Stiles Realty) will earn a total of \$23,370.38 on account of the RC lease

**Page 2 - NOTICE OF DEBTOR’S INTENT TO ENTER INTO LEASES (AS LESSOR)  
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and \$24,794.00 on account of the Aspen lease. Additionally, the broker for RC (RE/MAX Professional Realty) will be paid \$23,370.38 on account of the RC lease. The broker for Aspen (Commercial Realty Advisors Northwest LLC) will be paid \$24,794.50 on account of the Aspen lease.

YOU ARE NOTIFIED that unless you file an objection to this notice **no later than 21 days** after the service date on the attached Certificate of Service, and set forth the specific grounds for the objection and your relation to the case, with the clerk of court at the United States Bankruptcy Court for the District of Oregon, 405 E 8th Ave #2600, Eugene, OR 97401 and also serve it on the undersigned counsel at the address below, the Debtor will proceed to take the proposed action and upload an order approving the leases to the New Tenants without further notice or a hearing.

YOU ARE FURTHER NOTIFIED that the Debtor reserves the right to seek an order shortening time for the relief sought herein should either lessee request expedited consideration of the matters set forth herein.

DATED this 7th day of January, 2011.

PACHULSKI STANG ZIEHL & JONES LLP

By /s/ John D. Fiero  
John D. Fiero (CA Bar No. 136557)  
Linda F. Cantor (CA Bar No. 153762)

and

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David W. Criswell (OSB No. 925930)  
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**Page 3 - NOTICE OF DEBTOR'S INTENT TO ENTER INTO LEASES (AS LESSOR)  
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**CERTIFICATE OF SERVICE**

I hereby certify that I served copies of the foregoing *Notice of Debtor's Intent to Enter Into Leases (as Lessor) for Space at Garden Valley Mall in Roseburg, Oregon* on the following parties

**by CM/ECF:**

• JOHN D ALBERT	darlene@albertandtweet.com, beth@albertandtweet.com
• JOHN F BARG	jfb@bcltlaw.com, cgw@bcltlaw.com
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• PATRICK W WADE	hhecfb@hershnerhunter.com
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• GILBERT B WEISMAN	notices@becket-lee.com
• DOUGLAS R WILKINSON	doug@thorp-purdy.com, skelley@thorp-purdy.com

and on the following parties by mailing a full, true and correct copy in a sealed first-class postage prepaid envelope, addressed to the parties listed below, and deposited with the United States Postal Service at San Francisco, California on the date set forth below:

**Page 4 - NOTICE OF DEBTOR'S INTENT TO ENTER INTO LEASES (AS LESSOR)  
FOR SPACE AT GARDEN VALLEY MALL IN ROSEBURG, OREGON**

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WmThomas Construction  
POB 2409  
Florence, OR 97439

DATED: January 7, 2011

*/s/ Oliver Carpio*

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Oliver Carpio